



## Roy Cooper North Carolina Attorney General

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### **AG Cooper wins \$1 million judgment against Fayetteville home dealers that deceived consumers**

*CMR Properties and Home Town pressured consumers into bad deals on homes*

**Raleigh:** Two Fayetteville companies that deceived consumers into buying manufactured homes and land they couldn't afford have been barred from deceiving customers and ordered to cancel contracts, refund consumers' money, and pay \$1 million in penalties, Attorney General Roy Cooper announced today.

"These companies pressured home buyers and trapped them in mortgages they couldn't afford," said Cooper. "We've put a stop to these misleading practices so they won't be able to take advantage of North Carolina consumers."

Wake County Superior Court Judge Howard E. Manning, Jr. granted Cooper's request to permanently bar CMR Properties and Home Town USA from deceiving consumers, entering into contracts with customers who they know do not qualify for financing, falsifying loan applications, arranging inflated land appraisals, failing to disclose the cost of loans, and any other unfair practices related to the sale of land or manufactured homes in North Carolina. The judge's order against CMR and Home Town also applies to owner Christopher P. Wollin; managers Jason Gonzales and Kendrick Jackson; and former sales associate Wendell Lindo.

The judgment signed February 12 requires the defendants to pay \$980,000 in civil penalties to the state. CMR and Home Town have also been ordered to cancel all contracts with customers and pay refunds. A total of 68 consumers complained to Cooper's Consumer Protection Division about the companies' bad practices.

Cooper originally filed suit against CMR and Home Town in August 2005 over allegations of deceptive sales and lending practices related to the sale of land/home packages. As alleged in the complaint, CMR and Home Town sold land/home packages that included manufactured homes and parcels of land in Cumberland, Moore and Robeson counties. Their advertising targeted customers with credit problems.

According to consumers who contacted Cooper's office, CMR and Home Town asked them how much they could afford to pay in monthly rent and then told them that they could purchase a land/home package for that amount. Consumers who weren't able to qualify for financing were told that they could purchase a home through the companies' "Sponsorship Program" by getting a friend or relative to "stand behind them" on the mortgage for a year. After a year, the companies claimed, the buyer's credit rating would improve and they would be able to refinance the home and drop the sponsor from the mortgage. CMR and Home Town led buyers and sponsors to believe that they would both be cosigners on the loan. However, the mortgage turned out to be solely in the sponsor's name, meaning that the buyer didn't really own the home and couldn't refinance the loan.

Cooper alleges that CMR and Home Town also misled customers who purchased land/home packages without using a sponsor. At the loan closing, home buyers frequently learned for the first time that their loan costs and monthly payments would be hundreds of dollars higher than they had been told before. When buyers complained, they were told that they could refinance the home after a year to lower their payments. However, because the companies had appraised the homes at inflated rates, it was nearly impossible to refinance the loans. Many of these consumers felt pressured to follow through with the purchase despite changes in costs because they had nowhere else to live. Consumers also found out after the fact that loan applications that overstated their income and assets had been submitted on their behalf to lenders.

“Buying a home is the biggest purchase most people will ever make,” said Cooper. “My office will continue to work to stop companies that try to exploit home buyers.”

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